

Message Text

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ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 OMB-01 TAR-02 AGR-20 AID-20

CIAE-00 COME-00 EB-11 INR-10 LAB-06 NSAE-00 OIC-04

RSC-01 SIL-01 STR-08 TRSE-00 CIEP-02 CEA-02 NEA-10

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TO SECSTATE WASHDC 96

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UNCLAS SECTION 1 OF 2 OECD PARIS 17710

E. O. 11652: N/ A

TAGS: EFIN, OECD

SUBJECT: INSURANCE COMMITTEE WORKING PARTY MEETINGS

REFERENCE:

- (A) DAF/ AS/73/9
- (B) DAF/ AS/73/2
- (C) DAF/ AS/73/6
- (D) DAF/ AS/73/13
- (E) DAF/ AS/73/8
- (F) EEC CONVENTION ON JURISDICTION AND ENFORCEMENT
- (G) DAF/ AS/73/7
- (H) GENEVA 3143

1. SUMMARY. THIS CABLE SUMMARIZES RESULTS OF THREE RECENT OECD INSURANCE COMMITTEE WORKING PARTY MEETINGS. ACTION REQUESTED. SEE PARA 13. END SUMMARY.

2. WORKING PARTY ON LIBERALIZATION OF DIRECT INSURANCE, 21-22 JUNE 1973: WORKING PARTY AGREED TO SEND REF (A) TO INSURANCE COMMITTEE AFTER ADDING PARA 3 REF (B) TO LIST OF ITEMS TOP OF PAGE 2 IN REF (A).

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3. WP FURTHER CONSIDERED REF (C) CONCERNING INSTITUTIONAL COOPERATION, ADDING TO IT A THIRD PARA DRAWN FROM WORKING DOCUMENT NO. 2 OF JUNE 22, 1973 (REVISED DOC WILL BE FORWARDED TO WASH) AND AGREED TO SEND DRAFT DECISION TO INSURANCE COMMITTEE.

4. WP NEXT CONSIDERED REF (D), LIBERALIZATION OF TRANSPORT INSURANCE. IT WAS NOTED THAT 20 OF 24 COUNTRIES REPRESENTED (ALL BUT SWITZERLAND, FRANCE, SPAIN AND JAPAN) HAVE ALREADY LARGELY LIBERALIZED TRANSPORT INSURANCE. AFTER LENGTHY DISCUSSION, IT WAS OBVIOUS THAT JAPAN, SPAIN AND ESPECIALLY FRANCE WERE UNWILLING TO HOLD FURTHER DISCUSSIONS THIS SUBJECT, THEIR OBJECTIONS BASED ON NATIONAL LAWS AND REGULATORY REQUIREMENTS WHICH PROHIBITED EFFECTIVE CONSIDERATION THIS TOPIC WITHOUT PRIOR REVISIONS NATIONAL LEGISLATION. IT WAS DECIDED TO REPORT TO INSURANCE COMMITTEE THAT WP UNABLE PROCEED FURTHER LIBERALIZATION OF LARGE INDUSTRIAL RISKS AND TRANSPORT INSURANCE WITHOUT ADDITIONAL FIRM GUIDANCE FROM INSURANCE COMMITTEE. WP REPORT WILL ALSO CONTAIN SUGGESTION THAT INSURANCE COMMITTEE REFER ENTIRE SUBJECT LIBERALIZATION DIRECT INSURANCE BACK TO COUNCIL, SINCE IT IS EVIDENT THAT OVER- RIDING POLITICAL CONSIDERATIONS MAKE FURTHER WORK THIS WP INEFFECTIVE WITHOUT DIRECTION FROM COUNCIL. IN THIS CONNECTION, IT SHOULD BE NOTED INSURANCE COMMITTEE HOPES TO RECEIVE BY OCT 1973 TWO OR MORE EEC INSURANCE DECISIONS ALONG LINES PARALLEL TO OECD INSURANCE COMMITTEE'S WORK. IF THIS OCCURS, CERTAIN BLOCKAGES TO FURTHER WORK ON LIBERALIZATION IN OECD INSURANCE COMMITTEE WOULD BE LESSENNED OR REMOVED. (FYI: THROUGHOUT THIS MEETING, SECONDARY FRENCH DEL KIRSCH PROVED EXTREMELY OBSTRUCTIONIST BY COMPARISON HIS SUPERIOR (GUIBERT) WHO HAD ATTENDED EARLIER PORTIONS THESE MEETINGS. WOULD BE USEFUL TO KNOW WHETHER THIS ATTITUDE REGARDING INSURANCE LIBERALIZATION IS IN FACT PRESENT FRENCH POLICY.)

5. WORKING PARTY ON INSURANCE IN DEVELOPING COUNTRIES, 19-20 JUNE 1973: WP DISCUSSED REF (E) AND VARIOUS ASPECTS INSURANCE QUESTIONS TO BE CONSIDERED AT UPCOMING UNCTAD 6 TH SESSION COMMITTEE ON INVISIBLES AND FINANCING RELATED TO TRADE (CIFT) MEETING GENEVA JULY 3, 1973. WP ANTICIPATES LDC PRESENTATION SEVERAL DRAFT INSURANCE RESOLUTIONS BASED ON UNCTAD DOCUMENT TD/ B/ C.3/106(X) UNCLASSIFIED

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" REINSURANCE PROBLEMS IN LDC' S." WP CONCLUDED THAT REPORT ON REINSURANCE PRODUCED BY SECRETARIAT BASED ON EXPERT COMMITTEE MEETING HELD JANUARY 1 (ATTENDED JAMES WHITE, AMERICAN INSURANCE ADVISER) WERE TECHNICALLY SOUND AND GENERALLY ACCEPTABLE AS ADVICE TO DEVELOPING COUNTRIES.

6. WP DRAFTED OECD DOCUMENT WHICH COULD BE DRAWN UPON
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BY GROUP B DELEGATIONS AT CIFT MEETING, WITHOUT, OF COURSE,
BINDING ANY GIVEN DELEGATION (FINAL EDITION HAS BEEN MAILED TO
GENEVA AND DEPT. WP REVISED ITS WORKING DOCUMENT NO. 1 OF JUNE 20,
1973

WHICH SETS FORTH POINTS EXPRESSING WP DIFFERENCES WITH UNCTAD
SECRETARIAT AND INDICATES SPECIFICALLY THOSE CLAUSES OR STATEMENTS
IN UNCTAD PAPER WHICH WP FELT DID NOT REFLECT THE FINDINGS OF THE
TECHNICAL STUDY. (FYI: U. S. INSURANCE ADVISER FELT THIS WP SESSION
QUITE VALUABLE AS PREPARATION FOR U. S. DELEGATION PARTICIPATION IN
CIFT MEETING. UNANIMITY AMONG OECD COUNTRIES AT TECHNICAL LEVEL
FULLY SUPPORTS EXPECTED U. S. POSITION AT CIFT.)

7. -- WORKING PARTY ON WINDING- UP AND PREFERENTIAL CLAIMS,
MAY 22, 1973:-- WP AGREED TO DEVELOP DRAFT MULTILATERAL CONVENTION
ON TERRITORIAL JURISDICTION OF COURTS IN MATTERS OF INSURANCE.
DRAFT WILL FOLLOW FORMAT OF REF (F). CENTRAL QUESTION IS TO DETERMINE
WHAT COURTS ARE COMPETENT IN EACH OECD COUNTRY ON QUESTION OF
TERRITORIAL JURISDICTION IN MATTERS OF INSURANCE. ALL COUNTRIES
HAVE BEEN ASKED TO SUBMIT INFORMATION THIS QUESTION. U. S. IS
SPECIFICALLY ASKED TO PROVIDE INFORMATION ON TERRITORIAL JURISDICTION
AND COMPETENCE OF FEDERAL COURTS AND STATE COURTS IN EACH OF THE

50 STATES REGARDING INSURANCE MATTERS. ARTICLES 32, 37 AND 40,
REF (F) SPECIFY INFORMATION NEEDED FOR PURPOSES IMPLEMENTATION OF
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OECD CONVENTION BASED ON EC MODEL. EACH COUNTRY IS ASKED TO
INDICATE WHERE COURT APPEALS ARE REQUIRED TO BE PLACED.

8. REGARDING RECOGNITION AND ENFORCEMENT OF CIVIL AND COMMERCIAL
JUDGEMENTS RELATING TO INSURANCE IN MEMBER
COUNTRIES PASSED IN OTHER COUNTRIES, WP WILL RECOMMEND THAT OECD
GOVERNMENTS DECLEAR IN CONVENTION WHAT COURTS ARE COMPETENT TO
HEAR
QUESTIONS ON RECOGNITION AND ENFORCEMENT PERTAINING TO INSURANCE.

9. BEFORE GOING FURTHER IN DEVELOPMENT OF OECD- WIDE INSURANCE
CONVENTION, WP FEELS IT IS NECESSARY TO HAVE INFORMATION FROM ALL
MEMBER GOVERNMENTS CONCERNING EXISTING BILATERAL AGREEMENTS
BETWEEN OECD MEMBER COUNTRIES ON SUBJECT OF QUESTIONS OF
TERRITORIAL
JURISDICTION AND RECOGNITION AND ENFORCEMENT OF CIVIL AND
COMMERCIAL
JUDGEMENTS, (ARTICLE 55, REF (F)). IN THIS REGARD, U. S. WILL BE
ASKED TO PROVIDE A LISTING AND DESCRIPTION OF ALL BILATERAL AGREEMENTS
RELATIVE TO THIS QUESTION. WP
WOULD WANT TO DETERMINE IN ADVANCE EXTENT TO WHICH U. S. AND OTHER
COUNTRIES COULD CEDE THEIR EXISTING AGREEMENTS TO A MULTILATERAL CON-
VENTION IF ONE WERE DEVELOPED IN OECD.

10. -- FYI--: U. S. INDUSTRY ADVISERS FEEL DEVELOPMENT OF CONVENTION
WOULD BE WORTHWHILE GOAL. THEY POINT OUT IT WOULD PROBABLY BE
DIFFICULT FOR U. S. TO ACCEPT IN NEAR FUTURE IMPLEMENTATION OF DRAFT
CONVENTION ON INSURANCE GIVEN STRUCTURE U. S. STATE REGULATORY
AUTHORITY OVER INSURANCE INDUSTRY. U. K. WOULD PROBABLY ABSTAIN IF
U. S. FAILED TO ENTER CONVENTION. -- END FYI--.

11. MISSION WOULD APPRECIATE VIEWS OF INTERESTED U. S. AGENCIES ON
POSSIBILITY U. S. ACCEPTANCE MULTILATERAL CONVENTION ON INSURANCE.
THIS CONVENTION WOULD NOT PERTAIN TO INSURANCE TRANSACTED WITHIN
VARIOUS
STATES OF U. S., BUT SOLELY TO FOREIGN INSURANCE BUSINESS OF U. S.
FIRMS AND OECD COUNTRY COMPANIES TRANSACTING BUSINESS IN U. S.
THIS FOREIGN BUSINESS NOW UNDERWRITTEN FOR MOST PART BY AMERICAN
COMPANIES ALREADY RESIDENT AND OPERATING ABROAD WHICH ARE UNDER
SUPERVISORY CONTROL HOST COUNTRIES, THUS COMING WITHIN SCOPE ANY
OECD OR EC CONVENTION.

12. -- ACTION REQUESTED--: MISSION REQUESTS TWO COPIES REF (F) AT
EARLIEST OPPORTUNITY. WE ALSO REQUEST INDICATION REGARDING DEPT.
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DESIRES ON PROVIDING INFORMATION REQUESTED PARAS 7, 8 AND 9.
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